

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	WC Docket No. 05-337
High-Cost Universal Service)	
Federal-State Joint Board on Universal)	CC Docket No. 96-45
Service)	

**JOINT COMMENTS OF THE
STATE INDEPENDENT TELEPHONE ASSOCIATION
OF KANSAS AND THE
INDEPENDENT TELECOMMUNICATIONS GROUP**

Mark E. Caplinger, Esq.
James M. Caplinger, Chartered
823 West Tenth Street
Topeka, Kansas 66612
Tel: (785) 232-0495
Fax: (785) 232-0724
Email: mark@caplinger.net

Thomas E. Gleason, Jr.
Gleason & Doty, Chartered
PO Box 6
Lawrence, Kansas 66044
Tel: (785) 842-6800
Fax: (785) 856-6800
Email: gleason@sunflower.com

Dated: June 6, 2007

Background

SITA has served as a cohesive force for Kansas rural independent telephone companies since its formation in 1961. From a handful of telephone company members at its inception, SITA's membership today includes 27 rural independent telephone companies and 78 associate members spanning the nation. The SITA member telephone companies are united in their shared vision of bringing quality telephone service to Kansas rural communities.¹

The Independent Telecommunications Group (ITG) is an informal association of incumbent rural local exchange carriers serving Kansas consumers. The group has decades of experience in state and federal regulatory issues, supporting its individual members' ongoing commitment to provide high quality, affordable and reliable basic and advanced telecommunications services in high cost service areas.

SITA and ITG submit comments in this proceeding because the growth of high-cost support because competitive ETC (CETC) certifications threaten the viability of high-cost support for rural wireline ILECs. This support is essential for rural ILECs in order to meet the goals of the Act -- provision of universally available basic and advanced services (in particular broadband service) at just, reasonable and affordable rate levels that are comparable to rates and services in urban areas.

SITA and ITG support the recommendation of the Joint Board in this proceeding to cap, for an interim period², the support received by CETCs. SITA and ITG further support the Joint Board recommendation that the Commission abandon

¹A list of SITA and ITG's respective member telephone companies is attached hereto as Appendix A.

²In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Recommended Decision, released May 1, 2007 in Dockets WC Docket No. 05-337 and CC Docket No. 96-45, paragraph 1.

the identical support rule.³

Questions Posed by the Commission

1. Should the Commission control the growth of high-cost support by capping the support competitive ETCs receive?

Chairman Martin has recognized certification of CETCs has resulted in substantial growth of high-cost support payments.⁴ Continued growth of funding to currently certified CETCs and certification of new CETCs under the present process will cause the fund to become unsustainable, thereby jeopardizing the availability, affordability and reliability of basic and advanced telecommunications services in much of rural America. As a result the value of the public switched network to all subscribers, urban and rural alike, will be degraded. SITA and ITG recommend that the Commission adopt the funding cap on CETCs as an interim measure to provide stable and predictable funding for existing ILEC ETCs and CETCs until the Joint Board can evaluate and recommend fundamental reform in the high-cost funding process. SITA further recommends that the Commission revise the basis of collecting funding from interstate retail revenues to a number or numbers and connections based collection process. This further measure if adopted by the Commission would alleviate substantially the pressure on the current collection mechanism.

2. Should the cap be applied to competitive ETCs only, or should it be applied to providers of certain services?

The cap only needs to be applied to CETCs. The rapid increase in funding received by these carriers is going unchecked, while the funding received by the

³Id., paragraph 6.

⁴Id., Appendix A.

rural ILECs was capped on July 1, 2001.⁵ As a result of the cap on rural ILEC high-cost support, rural ILEC support has only grown by approximately 1%⁶, while CETC high-cost support has grown by approximately \$1B⁷ in the same period.

3. Should the duration of the cap be one year from the date of any Joint Board recommended decision on comprehensive universal service reform, or some other period?

One year from the date of a Joint Board recommended decision should provide ample time for the Commission to (a) receive comments and replies on the recommended decision, (b) consider, analyze and evaluate the comments received and (c) issue an order.

4. Should the cap be imposed on a state-by-state basis or some other geographic basis?

Capping the fund on a state-by-state basis for all CETCs in the state is appropriate if this cap is imposed by the Commission only for a brief interim period. During that interim period, the Joint Board and Commission must adopt revisions to the USF process that will insure its sustainability and predictability for all ETCs.

5. What affect does imposition of the cap on a state-by-state basis have on the ETC designation process?

The operation of the interim cap on all CETCs in a state will, if additional CETCs are certified by a state commission subsequent to the period when the cap on CETCs is established, diminish the capped support received by all of the existing

⁵47 C.F.R. 36.601 to 36.604.

⁶NECA 2006 USF submission of 2005 study results--2003 support was 1,028M and 2006 support was 1038M, a growth of only 10M in funding. The unfunded high cost loop investment for the ILECs as a result of the cap grew in the same period to over \$600M.

⁷In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Recommended Decision, released May 1, 2007 in Dockets WC Docket No. 05-537 and CC Docket No. 96-45, Appendix A.

CETCs in the state. There is no evidence, however, that such a result would entail a revenue deficiency jeopardizing the operations of any affected carrier.

6. Should the cap be set at the level of support received by competitive ETCs in 2006, or some other period?

The Commission should consider establishing the cap based on the latest period prior to the freeze. This may be more equitable to existing CETCs, in that use of 2006 levels may have less effect on their support levels during the interim freeze because it may reflect support for CETCs recently certified by a state commission.

7. Are there other operational, administrative or implementation issues that should be considered?

No.

Respectfully submitted,

Kansas The State Independent Telephone Association of

By:

Mark E. Caplinger
James M. Caplinger, Chartered
823 West 10th Street
Topeka, Kansas 66612
Telephone: (785) 232-0495
Fax: (785) 232-0724
Email: mark@caplinger.net

Telephone Attorney for The State Independent
Association of Kansas

The Independent Telecommunications Group

By:

Thomas E. Gleason, Jr.
Gleason & Doty, Chartered
PO Box 6
Lawrence, Kansas 66044
Tel: (785) 842-6800
Fax: (785) 856-6800
Email: gleason@sunflower.com

APPENDIX A

State Independent Telephone Association of Kansas

Bluestem Telephone Company
Blue Valley Tele-Communications, Inc.
Council Grove Telephone Company
Craw-Kan Telephone Cooperative, Inc.
Cunningham Telephone Company
Golden Belt Telephone Association
H&B Communications, Inc.
Haviland Telephone Company, Inc.
JBN Telephone Company, Inc.
KanOkla Telephone Association, Inc.
LaHarpe Telephone Company, Inc.
Madison Telephone, LLC
MoKan Dial, Inc.

Moundridge Telephone Company, Inc.
Mutual Telephone Company
Peoples Telecommunications, LLC
Pioneer Communications
Rainbow Telecommunications Association
Rural Telephone Service Company, Inc.
S&A Telephone Company
S&T Telephone Cooperative Association, Inc.
South Central Telephone Association, Inc.
Southern Kansas Telephone Company, Inc.
Sunflower Telephone Company, Inc.
The Tri-County Telephone Association, Inc.
United Telephone Association, Inc.
Wheat State Telephone, Inc.

Independent Telecommunications Group

Columbus Telephone Co., Inc.
Cunningham Telephone Co., Inc.
Gorham Telephone Co., Inc.
H & B Communications, Inc.
Home Telephone Company, Inc.
LaHarpe Telephone Company, Inc.
Moundridge Telephone Company
Totah Communications, Inc.
Twin Valley Telephone, Inc.
Wamego Telecommunications Company, Inc.
Wilson Telephone Company, Inc.
Zenda Telephone Company, Inc.